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UNCLAS SECTION 01 OF 02 KATHMANDU 002324

SIPDIS

STATE FOR SA/INS AND DS/IP/NEA
STATE ALSO PLEASE PASS USAID/DCHA/OFDA
USAID FOR ANE/AA GORDON WEST AND JIM BEVER
MANILA FOR USAID/DCHA/OFDA
LONDON FOR POL/REIDEL
TREASURY FOR GENERAL COUNSEL/DAUFHAUSER AND DAS JZARATE
TREASURY ALSO FOR OFAC/RNEWCOMB AND TASK FORCE ON TERRORIST
FINANCING
JUSTICE FOR OFFICE OF THE DEPUTY ATTORNEY GENERAL/DLAUFMAN

E.O 12958: N/A

TAGS: [PTER PHUM CASC PGOV IN NP](#)

SUBJECT: NEPAL: MAOIST PROMISES GO UP IN SMOKE

REF: (A) KATHMANDU 2302

(B) KATHMANDU 2316

1. (U) Summary: Mere days after Maoist leaders called for peace talks with the Government of Nepal (GON) (ref A), three separate incidents raised serious questions about whether they would honor their promises to halt attacks on party workers and infrastructure. Maoists killed a Nepali Congress worker, vandalized the offices of an NGO, and attacked hydropower equipment imported by the UK. Systematic attacks on hydropower projects over the past year have left thousands of Nepali homes and industries without power. End summary.

2. A December 3 statement by Maoist leader Prachanda claimed that in order to facilitate talks with the GON, the Maoists would cease attacks on infrastructure and members of other political parties (ref A). Though few analysts accepted the statement at face value, several political parties lauded it as a hopeful sign that the insurgents may be willing to work for peace. Even those hopes were battered the next day, when Maoists launched simultaneous attacks on two southern police posts (ref B) and continued their usual pattern of violence.

3. On Wednesday, December 4, a group of suspected Maoists killed a Nepali Congress worker in southern Nawalparasi district. According to press reports, a group of three young men on bicycles shot the 60-year-old political worker at point-blank range. Maoist insurgents had previously sent him a warning letter. Also on Wednesday, Maoists vandalized the offices of Backward Society Education (BASE), an NGO campaigning for the liberation of bonded laborers in the mid- and far-western Terai regions. According to an NGO spokesperson, Maoists damaged 700,000 Nrs (9000 USD) worth of property in the attack.

4. On Thursday, December 5, Maoists attacked two trucks carrying hydropower generation equipment imported by a UK development firm. The trucks were bound for Jhankre mini hydropower plant and would have helped provide power to 11,000 rural households. The trucks and equipment, valued at 25 million Nrs (200,000 USD) were completely destroyed in the attack. The Jhankre hydro plant had been completely destroyed by the Maoists on October 8, in an attack that also damaged a hydropower plant at Khimti. Total damage from the October attack is estimated at 7-10 million USD.

5. The Norwegian government has pledged significant financial support for the development and rehabilitation of major hydroelectric power plants, and the reaction of Norway's Ambassador to Nepal to the attacks was stern. "The rebel attack on the trucks and the generation equipment makes no sense in light of Prachanda's statement that the Maoists would cease attacks on basic infrastructures that benefit the poor," she said, also lamenting the effect that the attack was liable to have to possible development. Despite previous expectations that the Khimti-I power plant would entice more foreign investment in the hydropower sector, she was clear that "Norwegian private investors will not be interested unless there is peace."

6. Systematic Maoist attacks on hydropower infrastructure have left thousands of rural homes without power and have crippled industry in towns that rely on those facilities for electricity. Power to the Mid- and Far-Western regions has been compromised since the insurgents destroyed a 132 KV transmission line on the national power grid, forcing 14 districts to resort to load-shedding during peak hours. Industrial towns in Kailali and Baridya have been without power for seven months, since the insurgents destroyed a power sub-station serving the western districts.

7. Witnesses have quoted the Maoist attackers calling their attacks on hydropower facilities "symbolic strikes against

the government." Nepal Electricity Authority is not collecting data on the total cost of Maoist destruction, but recently released estimates of damage from two attacks in April demonstrate that the effects of the attacks are far from symbolic for rural families. Damage of the 12-megawatt Jhimruk Power Plant in Pyuthan is estimated at 240 million Nrs (3 million USD). Approximately 4,000 local households will be without power until repair of the plant can be completed in an estimated 15 months. The 5.1-megawatt Andhikhola Project in central Syangja suffered 18 million Nrs (231,000 USD) worth of damage, forcing 25,000 residents of Syangja, Palpa and Gulmi districts to live in the dark for one month. Industries came to a standstill after the plant was destroyed, according to locals, and many small-scale factories were forced to lay off employees.

MALINOWSKI